

## Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

All States are required to have a Medicaid Estate Recovery Program (MERP) that seeks, from the estates of deceased Medicaid recipients who were 55 years old and older when they received medical assistance, reimbursement for certain Medicaid costs. Our objectives were to determine whether: (1) Kansas operated its MERP in accordance with Federal and State requirements and (2) Kansas's MERP was cost effective.

### How OIG Did This Audit

Our audit covered deceased Medicaid recipients whose estates were subject to estate recovery by Kansas during State fiscal years 2020 through 2022 (audit period).

We reviewed documentation for a stratified random sample of 128 deceased Medicaid recipients to determine whether Kansas operated its MERP in accordance with requirements. Of these, 30 recipients had estate recovery cases that resulted in asset recoveries; the cases for the other 98 sampled recipients did not result in asset recoveries.

In addition, we compared Medicaid claims data to the estate recoveries to identify deceased Medicaid recipients and determine whether Kansas had opened a case for all potential estate recoveries. We also obtained Kansas's estate recovery operating costs and subtracted that amount from the total estate recoveries to determine whether the State recovered more than it spent.

## Kansas's Medicaid Estate Recovery Program Was Cost Effective, but Kansas Did Not Always Follow Its Procedures, Which Could Have Resulted in Reduced Recoveries

### What OIG Found

Kansas did not always operate its MERP in accordance with Federal and State requirements in that it did not always follow its estate recovery procedures. Specifically, for the 30 sampled deceased Medicaid recipients with estate recovery cases that had asset recoveries, we did not find any deficiencies. However, for the 98 sampled deceased Medicaid recipients with estate recovery cases that did not have asset recoveries, we identified 18 recipient cases with at least 1 deficiency related to probates and liens for estate recovery that were not initiated in a timely manner, the incorrect closing of a case for having no Medicaid paid claims, or the incorrect performance of other estate recovery procedures. Furthermore, we identified 1,095 deceased Medicaid recipients outside of our sampling frame for whom Kansas had not opened an estate recovery case. For our second objective, during our audit period Kansas's MERP collected \$37 million in estate recoveries while spending \$5 million to operate the program. Therefore, we concluded that Kansas's MERP was cost effective. The deficiencies we identified occurred because Kansas did not always follow its existing estate recovery procedures, the effect of which was that Kansas did not thoroughly pursue estate recovery for all deceased Medicaid recipients and consequently, may not have executed some asset recoveries.

### What OIG Recommends and Kansas Comments

We recommend that Kansas improve its estate recovery program by confirming that all deceased Medicaid recipients who are subject to estate recovery are identified and by providing information on them to the State's contractor in a timely manner. We also recommend that Kansas improve its oversight of the estate recovery contractor's performance by: (1) verifying that the contractor files liens and initiates probate in a timely manner, (2) confirming that the contractor's current process for claims verification is accurate, and (3) verifying that the contractor performs applicable estate recovery procedures for deceased Medicaid recipients. Kansas generally agreed with our recommendations and described corrective actions that it had taken or planned to take. Kansas said that some cases would not have been cost effective for recovery, and added that the COVID-19 public health emergency and its upgrade to a new Medicaid system caused some delays in the estate recovery process. We maintain that our findings and recommendations are valid and commend Kansas for its corrective actions.